

800.00 PREAWARD

The Plans, Specifications, and Estimate (PS&E) process is to review, update, and make final preparation of these documents.

Project Scheduling and Approval to Advertise

- State projects are scheduled between July 1 and June 30. The projects should be in Construction with enough lead-time to meet the intended time frames and deadline prior to the end of the fiscal year. Approval to advertise should be obtained prior to the PS&E submittal. Expect approximately four (4) weeks between the time Construction receives a project and its bid opening.
- Federal-aid projects are scheduled between October 1 and September 30. The same rules apply as state projects.

The Assistant District Engineer should be contacted to firm up advertising and opening dates and to allow for scheduling of staff.

Coordination with Districts and Headquarters Offices

Construction will resolve any changes in the PS&E submittal with the District and headquarters sections.

Estimate Preparation

Average Unit Price Runs will be prepared and distributed to each District and involved headquarters sections on a semiannual and annual basis. Annual runs (8½" x 11") will be available to outside organizations at a minimal charge.

Estimating Guides -- The average unit price runs should be used as a guide. The District estimate should be reviewed for updating to current prices. Consider size, type of project, combining projects, terrain, haul, etc. Also the Dodge guide and estimated material and labor costs should be used to compare costs and for unusual items.

Computer System -- The Districts' computer estimate should be reviewed for proper preparation. See checklist for working up projects for detail. When estimates are not properly prepared, then Roadway Design should be contacted for a corrected submittal or concurrence in making minor corrections by Construction. Common problems would be not separating sections such as bridges, roadway, and safety items. Also, omissions and outdated prices should be corrected.

Project Submittals

Projects submitted to Construction shall be ready to advertise. Rush projects should stipulate pending minor problems that need to be resolved before advertising. For more information, see the Design manual.

801.00 PS&E REVIEWS**Recommended District Practice**

The Residents, Materials, Traffic, and Design personnel should review the PS&E package and have a closeout conference. Action taken after the meeting should be submitted to the appropriate sections.

Final PS&E Review

- The PS&E package shall be transmitted by letter to Construction from Roadway Design. The letter shall list the project data and actions taken or pending. (See Transmittal Letter, Exhibit 801-1.)
- The PS&E Supervisor receives the PS&E package and:
 - Checks for approved DH-2101 on federal-aid projects, DH-2101A on state projects. (See Exhibits 801-2 and 801-3.)
 - Assigns project with checklist to Construction associate that handles respective District. (See Checklist, Exhibit 801.4.)
 - Assigns project to PS&E assistant after associate has completed a review. (See Checklist, Exhibit 801-5.)
- Final Assembly of PS&E -- After the PS&E reviews are completed, the contract proposal and plans are final assembled with regulations. See PS&E checklist for assembly instructions.
- Approval of PS&E -- The PS&E is approved by the Director or a delegate. Signing the plans for the State Highway Administrator also constitutes this approval.

Engineer's Estimate

- Preparation

The Engineer's Estimate shall be prepared by the District and submitted to headquarters through the computer. The estimate will be reviewed as prescribed in the review checklist.
- Security

Information contained in the Department's "Engineer's Estimate of Detailed Construction Cost" will not be announced before or at the time bids are opened.

Only those employees whose duties require the preparation of department "estimates" are allowed access to the information contained therein. Requests for this type of information by unauthorized employees or person outside the department must be referred to the appropriate Bureau Chief or Division Administrator. Repeated requests should be referred to the Director.

The appropriate Section Supervisor, District Engineer, or higher authority may release this information to the news media after the contract has been awarded.

Violators of this policy are subject to disciplinary action, including dismissal.

802.00 PROJECT ADVERTISING

The following project advertising information is based on FHPM V6 Subs. 6 Par 7 and Idaho Code 40-902.

Projects shall be advertised in a newspaper in the county seat where the project is located, if possible. If a project is in more than one county, advertisement shall be in the county paper having the greatest circulation, but need not be advertised in each county.

In conformance with Idaho Code, advertisement shall be published in two (2) consecutive publications of a weekly paper or five (5) consecutive publications in a daily paper. Federal Highway Administration requires that for federal-aid projects, the first publication must be published at least three (3) weeks prior to opening of bids. Wherever work on the state highway system is let by contract or contracts, sealed bids must be called for by public advertisement.

In addition to the legal advertisement in the newspapers, the department shall mail a "Notice to Contractors" advising that sealed bids will be received on a designated day for each project advertised. These "Notices" shall be sent to all contractors' plans centers, AGC's, and suppliers subscribing to this service. This mailing shall be furnished, upon request, free of charge to all contractors licensed by the Public Works Contractors State License Board. Others requesting this service must pay a subscription fee that is annually renewable. This "mailing list" is revised annually and updated continuously through the calendar year by Construction.

Short Advertising

If shorter advertising time is desired, then approval from the Assistant Chief Engineer - Operations or the Construction Engineer should be obtained. On CA projects, document the approval with a note to file. On state funded projects, also obtain the District's approval. On interstate projects, permission must be obtained from FHWA, and documented with a note to the file.

When advertising in a weekly paper, the ad must appear in two (2) weekly issues. When advertising in a daily paper, the ad must appear for five (5) consecutive issues. Be sure the notice, plans, and proposal are mailed early.

Long Advertising

Longer advertising periods are desirable for large, complicated projects that will require considerable time for study and developing of cost data before realistic bids can be prepared.

Prebid Conferences

Prebid conferences are very useful on large, complicated, and unusual types of construction. The prebid meeting should be planned at least three (3) weeks ahead of bid opening so there is ample time to issue an addendum if determined necessary. The meeting may be set up at the District/headquarters and/or both.

Legal Notices

Legal notices for advertising projects are either sent directly to the newspaper or sent on the transceiver to the respective District. (See Exhibit 802-3.)

Project Proposals

Contractors' forms and a copy of the reduced plans shall be furnished free of charge for contractor's examination to the local offices of the Associated General Contractors in Boise, Idaho; Spokane, Seattle and Tacoma, Washington; Portland, Oregon; Salt Lake City, Utah; Helena, Montana; and Reno, Nevada; the Spokane Construction Council, Spokane, Washington; the Idaho Plan Exchange, Boise, Idaho; the Tri-City Construction Council, Kennewick, Washington; the Northwest Plans Center, Portland, Oregon and Seattle, Washington; the Yakima Plans Center, Yakima, Washington; and the Daily Construction Service, Seattle, Washington.

Reduced plans, one copy of the contractor's proposal, and one bid document are sold to all who request them at a cost varying from \$10 to \$50 based upon the estimated value of the project. The applicable costs are set forth in the Notice of Contractors and the proposal form. (See Exhibits 802-2, 802-3 and 802-4.)

These documents are sold at the headquarters office in Boise and at the District office in which the project is located, except at District 3 that is located in Boise. Plans and proposals for projects in District 3 are sold from the headquarters office.

Proposal Addenda

All addenda or corrections to the contractor's proposal forms or plans made after the original sale are sent to all plan and proposal holders by certified, return receipt, mail with a letter instructing them to attach the revised sheets to the corresponding sheets in their proposal or plans and to fasten the letter of transmittal to the back inside cover of the proposal form submitted (see Exhibit 802-5). Addenda that affect the bid should be sent at least ten (10) days prior to bid opening. Addenda affecting correctness of form should be sent at least four (4) days prior to bid opening. Addenda that are sent at least four (4) days prior to bid opening shall be by overnight delivery service. Plan holders should be informed verbally of the upcoming addendum so they can consider the addendum in their bid.

Addenda on all projects except interstate should be received no later than twelve (12) days before bid opening. Addenda on interstate projects should be received no later than fifteen (15) days before bid opening. These time allowances give adequate time to obtain approval of the addendum from the FHWA (see Exhibit 802-6). If plan sheet revisions are involved, one (1) additional day is required. Addenda not received within the above limits may result in postponement of the bid opening.

The Construction Engineer approves all addenda.

Unsold copies of the plans and proposal forms are revised by inserting the required addenda in the plans and/or proposal and are noted on the front cover thereof "ADDENDUM NO. ____ INCLUDED." Copies of the required addenda are sent to the District office that is responsible for insertion in any unsold copies of their plans, proposals, or bid document and shall be marked as mentioned above.

Bidder Information (Given Prior to Award)

Oral explanations, instructions, and interpretations given to bidders prior to award of contract will not be binding. The department shall provide all bidders an equal opportunity to access and acquire all available pertinent information necessary to formulate a responsive bid. Any information, specifications, plans, data, or interpretations that the department discovers is lacking and may be important to all bidders will be furnished to all bidders in the form of an addendum, the receipt of which shall be acknowledged.

Placeholders' lists are available and will be given out orally or in writing.

Project Authorization

Authorization must be obtained from Roadway Design, prior to submitting the PS&E package to Construction. A copy of the approved ITD-2101 or ITD-2101A, "Request for Project Approval and Authorization," will be submitted to Construction in the PS&E package.

Changes to Federal-Aid Projects

All federal-aid projects not included in the Certification Acceptance Agreement will require FHWA approval for changes in the contract documents.

Wage determination updates, production errors, minor conflicts between plans and specifications and extensions of advertising period do not require individual FHWA approval, however, copies of these changes will be submitted to FHWA for their information and files.

803.00 BID OPENING

The following information about bid opening is based on Section 102, Bidding Requirements and Conditions of the Specification, Idaho Code 40-902, and FHPM Volume 6, Chapter 4, Section 1, Subsection 6, Bids.

- All sealed bids shall be received, recorded, and kept in locked storage by Central Files. Bids that are received by hand delivery shall be receipted for the carrier. Bid envelopes shall be marked 1 through the number received (in the lower right-hand corner in black ink) chronologically for each individual project. The bids must be recorded in a secluded area, where contractors have no knowledge of the number of bids, or who has submitted bids. See Exhibit 803-1.
- A bidder may withdraw or revise a proposal after the proposal has been deposited with the state. The request for such withdrawal or revision must be received by the state, in writing, telegram, or fax transmittal before the time set for opening proposals. Should an individual request to personally revise a proposal, a signed authorization by a representative of the bidder, who is authorized to sign contract documents, must accompany the individual's request.
- The bids shall be kept under locked conditions until Construction picks them up on the prescribed date just prior to the bid opening. The bids are then taken to the public bid opening area, opened, and read by the bid opening personnel.
- Changes that are received to revise proposals shall be held by Central Files and attached to the sealed bid envelope. The requested revisions are made at the time the bid is opened.
- The sealed envelopes shall be opened publicly and the bids shall be numbered in the sequence that they were received. The proposals shall be examined for proper preparation and if they are acceptable, the project number, location, contractor's name and city (city and state for out-of-state bidders), and total will be read. The bids are arranged from low to high and the three apparent low bidders are announced. The unit prices of the three apparent low bids are read except for the following conditions:

When there is only one responsive bidder, only the total will be read (not unit prices).

When no one stays for the reading of unit prices, the public reading requirement will be waived.

Irregular Proposals

Bids that are found to have the following discrepancies shall be called irregular proposals. The name of the bidder and the reason for not reading the bid aloud shall be publicly announced at the bid opening. If requested by the bidder, the bid can still be read aloud at the bid opening.

Irregular proposal discrepancies would:

- Fail to properly sign the bid.
- Fail to have the signature notarized.
- Fail to furnish required guarantee.

- Fail to attach a surety agent's power-of-attorney.
- Fail to include a unit price for each and every item in the bid schedule.
- Contain conditions or qualifications not provided for in the specifications.
- Not include the required addenda.
- Have used forms not furnished by the department and in the form prescribed thereon, not be typed or in ink.
- Have altered the proposal form.
- Be submitted by a non-licensed contractor bidding for a state-funded project.
- Be submitted by a debarred contractor.

Apparently Irregular Bids

The Construction Engineer, or a delegate, shall resolve bids that are declared apparently irregular. The Construction Engineer, or the delegate, may refer bids to the Legal section, when the bid needs a legal opinion. Apparently Irregular Bids that may fall in the following categories:

- Omitted information on bid proposal forms.
- Addendum attachments are included in the bid proposal, but the addendum letter was omitted.
- Indication that addendum has been acknowledged but addendum letter is not attached.
- Variations in completing forms as intended.
- Failure to include a total amount for the bid.

Proposal Verification

After bid opening, bids are arranged in order from low to high bidder and coded with the contractor's code. Bids are entered into computer to verify bid item extensions.

804.00 AWARD OF CONTRACT

The following information about the award of contract is based on the Specification Book sections 102 and 103, FHPM Volume 6, Chapter 4, Section 1, subsection paragraph 11.

Bidding Competition

Increased bidding competition is encouraged by keeping most projects within a medium-cost range to encourage smaller contractors to submit bids. The Construction section and the Districts monitor the plan holder list and encourage activity from contractors whenever possible bidders appear to be limited. Bid openings are scheduled on a weekly basis and more often during peak load periods, as projects are developed to provide unsuccessful bidders an opportunity to offer bids on additional projects. Prebid meetings are encouraged on complex projects.

Engineer's Estimate

The Engineer's Estimate is confidential and is not shared with the contractors or suppliers. The Engineer's Estimate is prepared using the Construction computerized program in the District for the preliminary estimate and headquarters for the Engineer's Estimate. The computerized program provides security to ensure strict confidentiality of the Engineer's Estimate.

Bid Review

After bid opening, the bids and the computer runs shall be reviewed as follows:

- Verify the contractor has a Contractor's Public Works License (federal-aid projects). State aid will be reviewed for contractor's license prior to bid opening.
- When contractors bid federal-aid projects without a Public Works license, the reviewing staff must remind the contractor in the apparent low bid letter of notification that a Public Works license is required by Subsections 103.02 and 107.03. The apparent low bid letter should be sent by certified mail so that the date received is verified.
- Verify mathematical extensions of the bid schedule from the computer Abstract of Bids.
- Consider the following factors for award or possible collusion:

Bid compared to Engineer's Estimate.

Number of bids submitted. (Fewer than three (3) require justification for nonresponse.)

Number of potential bidders.

Comparison of unit prices against Engineer's Estimate and using the Bid Line Item Profile (BLIP) computer program.

Distribution or range of bids received.

Identity and geographic location of the bidders.

- Check bidding patterns that could indicate possible alternating of contracts. Attempt to detect bidding irregularities that may suggest token or complementary bidding.

After Bid Review Evaluation Procedures

- The PS&E Supervisor, or a delegate, will present the review to the Construction Engineer for a recommendation of awarding or rejecting the bid.
- When the low bid is within the acceptable limits, the project will be awarded in accordance with Sections 102 and 103.
- On federal-aid projects that are not under CA, a formal request of approval to award must be received from the Federal Highway Administration prior to awarding the contract.

Justification Process

When the low bid exceeds the Engineer's Estimate by more than ten percent (10%), or is twenty-five percent (25%) under the Engineer's estimate, the bid must be justified for award or rejection.

On non-certification acceptance projects the bid must be justified for award or rejection to the Federal Highway Administration. On occasion, the FHWA may request justification of bids on CA projects that are more than twenty-five percent (25%) under the Engineer's Estimate.

On bids that are outside of the acceptable limits, Construction will request a justification from the District Engineer. When the justification is received, Construction will analyze the District's justification and present a recommendation to the Idaho Transportation Board. After approval has been received from the Idaho Transportation Board, the award or rejection process may proceed. The FHWA will receive copies of this recommendation on CA projects. On projects that are not under CA, a formal request for award or rejection will be made to the FHWA.

Award Process

When the Construction Engineer recommends award of a project, the Abstract of Bids and the Bid Summary are distributed. Then if the contractor is licensed, the apparent low bid letter is sent to the contractor by first-class mail. When the contractor needs to obtain a Public Works license, the apparent low bid letter is sent by certified mail. At the same time or a few days later, the contracts will be mailed to the contractor by certified mail. Time restraints and other control procedures must be enforced. When the contracts and other required documents are returned, the contract will be awarded within fifteen (15) calendar days.

Rejection Process

When the Construction Engineer recommends rejection of a project, the bidders will be notified in writing. A copy of the rejection letter will be sent to the FHWA on certification acceptance projects. Federal-aid projects that are not under CA require that a formal request to reject the project be approved by the FHWA.

Detailed Estimate of Cost

When a contract is awarded, Construction prepares the computerized Detailed Estimate of Cost and submits copies to Financial Services for the project agreement with FHWA. Construction then prepares copies for distribution to the District and various sections.

Time Provisions

The following time provisions are based on Sections 103 and 107 and Idaho Code, Section 30-1-106.

The award of the contract will be made within forty-five (45) calendar days after the apparent low bid letter has been mailed to the lowest qualified bidder. However, the award may be deferred beyond the forty-five (45) calendar days restriction by mutual agreement between the department and the lowest qualified bidder. A reasonable time extension will be allowed for a contractor to obtain a Public Works license when bidding federal-aid projects, provided the License Board has received the contractor's application no later than the first business day following the receipt of the apparent low bid letter. In addition to the above, incorporated foreign contractors must be qualified to do business in Idaho as required by Idaho Code, Section 30-1-106. If the duration of the project is less than thirty (30) days, the contractor does not need to qualify to do business in Idaho. Because of the limited time required to apply for a license, the unlicensed bidders should be alerted verbally of the licensing requirements, and the conversation should be confirmed in the apparent low bid letter.

The bidder must sign and return the contract within fifteen (15) calendar days after receiving the contract. This 15-day time period is more than adequate for state projects, but has posed some problems with contractors who try to comply with the regulations of federal-aid projects, and foreign contractors completing the contract requirements. The major problem areas have been satisfying DBE commitments, and foreign contractors who bid without an Idaho Public Works license and/or do not have an Idaho bonding agent.

When the contractor has a legitimate reason for needing more than fifteen (15) calendar days to return the contract documents, an extension may be allowed by the Construction Engineer. If the extension is allowed by verbal discussions, then all contacts should be documented to the file, and discussions should be confirmed in the extension letter. The contractor should make a formal request for a time extension.

Disadvantaged Business Enterprise Goals and Approval (Federal-Aid Projects)

This has been completely revised – need new information.

The following Disadvantaged Business Enterprise (DBE) information is based on Section 103, FHWA 1273, Civil Rights Special Provisions, and Construction manual Sections 113.5 and 804.

Whenever a project will support DBE participation goals, the participation goals will be established in the Civil Rights Special Provisions or as recommended in the Special Provisions. If at all possible, ten percent or more (10+%) participation should be achieved. Whenever the project will not support the established goal and is reduced, then the Contract Compliance Officer in the Civil Rights Bureau should be contacted and justification will need to be completed. On projects that have several phases of construction and there is a question as to what type of contractor may be the prime contractor, consideration should be given as to how the DBE participation will affect the contractor handling the specified percentage of the contract. If there is a question, then consideration should be given to reducing the percentage that the prime contractor has to complete using prime contractor forces.

Approval of the DBE commitments shall be the responsibility of the Contract Compliance Officer in the Civil Rights Bureau. The ITD-2396, Proposed DBE Commitments, will be given to the Contract Compliance Officer by Construction as soon as received from the contractor.

Construction will monitor the approval time to ensure that the ITD-2396 is returned in a timely manner for awarding the contract.

Anticollusion

The following anticollusion information is based on Section 102.10, FHPM Volume 6, Chapter 4, Section 1, Subsection 6. Where are all these??? need better detail.

Anticollusion Statement -- A specific statement is included in the bid proposal form whereby the contractor states that no participation in any form of collusion or restraint of free competitive bidding in connection with the project being bid was performed. The statement is signed by the bidder and notarized. See Exhibits 804-25. Subsection 102.10 provides that evidence of collusion shall be considered as reason for disqualification of a bidder and rejection of contractor's proposal. Additionally, Subsection 102.10 also provides that participants in collusion will receive no recognition on future bids for the state until reinstatement as a qualified bidder has been made.

Collusion and Bid Rigging Evaluation -- The following items should be monitored:

- Contractors repeatedly bidding against one another.
- Successful bidder repeatedly subcontracting work to companies that submit higher bids.
- Different groups of contractors who appear to specialize in federal, state or local jobs exclusively.
- A comparison of the low bidder's unit prices with those of the engineer's estimate.
- A comparison of the low bidder's unit prices with those of the other bidders.
- A particular contractor always being low bidder in a certain geographic area.
- Contractor bidding frequently but never low.
- Identical bid amounts on a contract item by two or more bidders.
- Contractors previously convicted of bid rigging in other states who are now operating in Idaho.
- Joint venture bids where either contractor could have bid as a prime.

Debarred Bidders -- FHWA nationwide listings of debarred bidders are reviewed on a current basis. If any of the debarred bidders submits a bid, their quotation would be considered apparent irregular until a management decision was made to accept or reject their bid. See Exhibits 804-26.

Less Than Three Bidders -- After bids have been accepted and verified, the number of bids received should be reviewed. If fewer than three bids are received, the following should be considered:

- Review of planholders.
- Discuss with District for lack of contractors' response.
- Discuss with contractors for lack of response.

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If findings indicate a lack of response because of contractors' lack of awareness of the project, the project should be considered for readvertisement. Any adverse findings for limited bidding response should be recorded in the project file.

805.00 INSURANCE

The purchase of insurance is the most common method of neutralizing financial losses from pure risk that can arise in the course of conducting business. The exposure to financial losses should be reduced or eliminated whenever possible by contractually transferring the risk of loss to other parties. The insurance and indemnity provisions of contracts can be of substantial importance to the protection of both the state and the contractor.

Insurance Requirements and Approval

The required insurance for the project(s) shall be as set forth in the Specifications and the Special Provisions. See Exhibits 805-1 and 2 for typical examples of Public Liability and Property Damage certificates. Railroad policies will vary from company to company and will be approved by the railroad company. In special cases, the railroad company may accept a binder until the policy can be issued.

When the contracts are mailed, the contractor is given a copy of the insurance specifications and examples of insurance certificates for the insurance agent employed by the contractor. This copy requirement is an effort to encourage the insurance agent to comply with our specifications. When the insurance certificate is received by Construction, the policy is reviewed for compliance with the specifications. When the policy does not comply or when items are omitted, the insurance agent is contacted and requested to send a revised certificate. When the corrected certificate is received and approved, Construction sends the policy to the District in accordance with Exhibit 107.10-1. Railroad insurance is first submitted to the railroad company. When the company has approved the policy, the railroad company sends the policy to Construction to stamp the certificate or policy with their approval. The policy is then sent to the District. See Exhibits 805-3 and 4. When the prime contractor does not carry underground explosion and collapse hazard insurance, then the approval will be conditioned as such. The Resident must then have the subcontractor submit the required insurance to Construction for approval prior to starting any work involving underground explosion or collapse hazard. Following are definitions and information for further understanding insurance coverage:

Workers' Compensation -- is generally required by law and provides protection to the employees of a contractor as a result of personal injury or death suffered by the employees of the contractor while in the course and scope of their employment.

Comprehensive Automobile Liability -- provides a broad range of liability protection to the contractor while using an automobile. This coverage should be required whenever the use of a vehicle is substantially important to the completion of the work under the contract.

Comprehensive General Liability -- insures against a broad range of liability hazards arising from the performance of the contract. This coverage should be viewed as the most basic of liability coverages required of a contractor and generally protects against the hazards of premises and operations, elevators, independent contractors, and completed operations. This coverage is also the basic coverage to which the subsequent endorsements are attached.

Broadform Liability Endorsement -- is a comprehensive addition to the Comprehensive General Liability policy and includes up to twelve (12) other coverages depending on how it is written. This endorsement provides liability protection in many areas not covered by the Comprehensive General Liability policy. This coverage may be used as a substitute for any of the following five (5) endorsements.

The Broadform Liability Endorsement is generally preferred over any or all of the other endorsements as it is somewhat broader in its coverage and generally cheaper than if the following endorsements are purchased separately. Reasons for requiring this endorsement are explained separately below.

Personal Injury Liability -- provides protection for the contractor from such acts as libel, slander, humiliation, loss of reputation, false arrest, malicious prosecution, and invasion of privacy. The typical contract requiring Personal Injury Liability would be one where the contractor exercises some degree of control over another person while discharging the duties of the contract. Typical examples of this type of situation would be group homes and sheltered workshops or quasi-police type functions.

Broadform Property Damage -- modifies an exclusion in the contractor's Comprehensive General Liability coverage dealing with property over which the contractor is exercising care, custody, and control. As such, the Broadform Property Damage endorsement is necessary whenever the contractor is performing a substantial amount of services on state property. This endorsement is particularly relevant to janitorial contracts and other contracts where the contractor has actual possession of state property.

State of Idaho Named Additional Insured -- The insurance agent for the contractor is required to place the name of the State of Idaho, Idaho Transportation Department, on the insurance certificate. This additional insured designation means that the state will be able to turn to the contractor's insurance company for protection without having to investigate questions of negligence on the part of the state.

Contractor's Insurance Primary -- This additional language should be used whenever the state is named as an additional insured. The purpose is to ensure that the contractor's insurance company will respond to any loss under this contract and make payment before the state's insurance company becomes involved.

Severability of Interest Clause -- is required on all contracts. The possibility exists that the contractor may destroy state-owned property and this clause simplifies the efforts of the state in recovery against the contractor.